

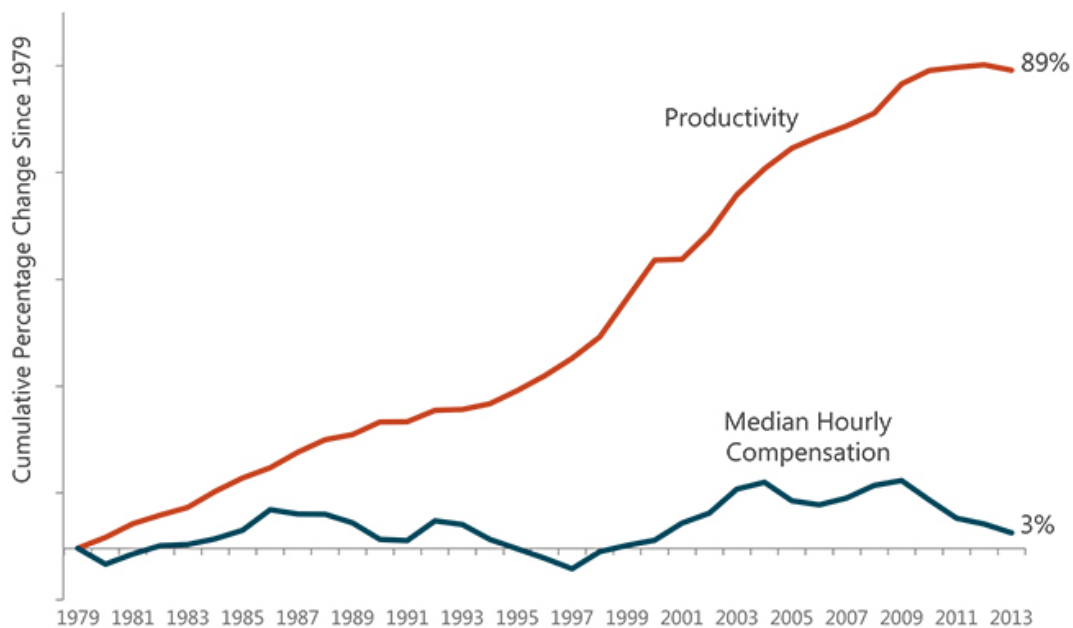
California's low-wage workers now earn less than in 1979

April 30 2015, by Thomas Levy

Higher Productivity, Stagnant Wages

California workers have become more productive, but their wages and benefits have stagnated. Between 1979 and 2013, productivity increased by 89 percent, but median hourly compensation (wages plus benefits) for nonsupervisory/production workers increased by only 3 percent, adjusting for inflation.

Growth of Real Median Compensation and Productivity in California, 1979–2013



Source: Economic Policy Institute analysis of unpublished total economy data from Bureau of Labor Statistics, Labor Productivity and Costs program; employment data from Bureau of Labor Statistics, Local Area Unemployment Statistics; wage data from the Current Population Survey; and compensation data from the Bureau of Economic Analysis, State/National Income and Product Accounts public data series, 1979–2013.



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Over the past 35 years, California's high-wage workers have seen steady increases in their paychecks. But low-wage workers, 4.8 million strong and about one-third of the state's workforce, earned less in inflation-adjusted dollars in 2014 than they did in 1979, according to an analysis from the University of California, Berkeley.

UC Berkeley researchers analyzing U.S. Census Bureau data at the campus's Center for Labor Research and Education found that low-wage [workers](#), defined as those earning hourly wages of \$13.63 or less, have seen steady declines in their inflation-adjusted buying power. This low-wage workforce, nearly three-quarters nonwhite and concentrated in two industries—retail trade, and restaurants and other food services—has also become older and more highly educated.

Teens made up 5 percent of low-wage workers in 2014, down from 16 percent in 1979, and 48 percent of low-wage earners in 2014 had attended some college, compared to 39 percent in 1979. The analysis also showed that 40 percent of the state's low-wage workers in 2014 were foreign-born.

"We found that low-wage workers in California are older and more educated than they were 30 years ago, and yet they've seen stagnant and even declining wages," said Annette Bernhardt, a visiting UC Berkeley professor of sociology and a senior researcher at the center. "The story of growing inequality is not just about the top 1 percent, it is also about the millions of low-wage workers and their families who struggle with economic insecurity every day."

Bernhardt and the study's other authors, Ian Perry and Lindsay Cattell, found that the top occupations of California's low-wage workers are retail sales workers; cooks and food preparation workers; material-

moving workers; and personal care and childcare workers. About half are in Southern California.

In 2013, the median income of low-wage workers' families was \$29,100, compared to \$63,000 for all California families, a gap that has widened since 2000. From 2007 to 2011, families of low-wage workers received \$14.3 billion in annual support from public-assistance programs such as the Earned Income Tax Credit, Medicaid and food stamps.

The researchers published their analysis in chart form in *Low-Wage Work in California: 2014 Chartbook*, the first edition of an ongoing resource with a wide range of information about low-wage workers, their families and their jobs. The chartbook will be updated annually as new census data becomes available.

More information: laborcenter.berkeley.edu/lowwageca/

Provided by University of California - Berkeley

Citation: California's low-wage workers now earn less than in 1979 (2015, April 30) retrieved 27 April 2024 from <https://phys.org/news/2015-04-california-low-wage-workers.html>

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